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5-25-1989

Agriculture News Release - 1989-05-25

United States. Congress. House. Committee on Agriculture

E. De la Garza

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news release

COMMITTEE ON AGRICULTURE

U.S. HOUSE OF REPRESENTATIVES
Room 1301, Longworth House Office Building
Washington, DC 20515

For further information:
Jim Davis, Press Secretary
(202) 225-2171

HOUSE AGRICULTURE COMMITTEE APPROVES DISASTER LEGISLATION

For immediate release, May 25, 1989

(PR89-055)

WASHINGTON -- The House Agriculture Committee gave final approval Thursday to a bipartisan disaster assistance package designed to ease the financial loss of crop farmers and help livestock producer and rural communities cope with extensive weather-related damages in 1989, House Agriculture Committee Chairman E (Kika) de la Garza, D-Tex. announced.

H.R. 2467 was introduced on Wednesday by Reps. de la Garza and Edward R. Madigan, R-Ill., the Committee's Ranking Minority Member. The legislation was cosponsored by 25 other Members of Congress when it was introduced.

"This legislation provides the thinnest of safety nets for farmers around the country who have suffered significant financial losses because of the continuing drought and other types of weather damage. It allows farmers to hold on to their farms and pay at least a part of their debts. I feel the Committee has acted in a compassionate and budgetarily-sound manner that can effectively deal with the tragedy these farmers, ranchers and communities now face," Rep. de la Garza said.

H.R. 2467 as introduced was basically an extension of the Disaster Assistance Act of 1988. The legislation as amended by the Committee May 25 includes the following major provisions:

Eligibility

- o Provides disaster benefits to those producers who suffered annual commercial crop losses in excess of 35 percent in 1989 due to damaging weather and related conditions in 1988 and 1989. "Damaging weather" is defined as drought, hail, excessive moisture, freeze, tornado, hurricane or excessive wind. "Related conditions" are defined as: insect infestation, plant disease or other deterioration of a crop before or after harvest which is worsened naturally by damaging weather.
- o Provides benefits to participants and nonparticipants of all target price commodities. Also covers producers of soybeans and other nonprogram crops.
- o Provides benefits regardless of whether the producer had crop insurance coverage.
- o Prohibits disaster payments or other benefits under this legislation to persons with more than \$2 million in qualifying gross revenues.

Benefits on Losses Between 35-75%

- o Provides disaster payments to wheat, feed grains, cotton and rice program participants at a rate of 65 percent of the 1989 target price or 65 percent of the county loan

rate for non-participants who raise program crops.

- o Provides disaster payments to peanut, sugar beet, sugarcane and tobacco producers at a rate of 65 percent of the 1989 price support level.
- o Provides disaster payments to soybean and other nonprogram crop producers at a rate of 65 percent of the average producer market price of the last 5 years, excluding the high and low years.
- o Allows the Secretary of Agriculture to make an additional payment of up to 10 percent of the applicable payment rate for the reduced quality of the actual harvested program and nonprogram crops due to adverse weather or related conditions in 1989.

Benefits on Losses Over 75%

- o Provides disaster payments on the production loss in excess of 75 percent at a rate of 90 percent of the applicable payment level.

Repayment of Advance Deficiency Payments

- o Producers will not be required to repay advance deficiency payments on production losses up to 35 percent. Producers who lose 35 percent or more of their crop and receive disaster payments would not be required to repay advance deficiency payments until July 31, 1990.

Planting Flexibility and Unmarketable Crops

- o Allows up to 20 percent of permitted acreage for program crops to be planted to canola, rapeseed, sunflower, safflower, flaxseed, kenaf, crambe, guayule, milkweed and meadowfoam.
- o Report language will be included to clarify that producers of nonprogram crops who could not market their crops due to the effects of damaging weather conditions on the crop should be entitled to disaster payments in accordance with provisions of the Act.

Federal Crop Insurance Payment Effect and 1990 Coverage

- o Limits combined crop insurance benefits and disaster payments an individual producer may receive to an amount that does not exceed income that would result from normal crop yields.
- o Requires producers accepting disaster payments or forgiveness of repayment of advance deficiency payments for the 1989 crop to obtain multiperil crop insurance for the 1990 crop unless: (1) crop insurance coverage is not available for the commodity, or (2) the producers' annual premium rate is greater than 125 percent of the average premium rate for the 1989 crop, or (3) the producers' annual premium rate is greater than 25 percent of the disaster benefits received, or (4) unless on appeal to the county committee it is determined purchase of crop insurance would impose an undue financial hardship on the producer.
- o Provides that producers who planted crops in 1988 for harvest in 1989 will not be required to purchase crop insurance unless they suffer production losses in excess of 65 percent, as a condition of receiving a disaster

payment or forgiveness of repayment of advance deficiency payment.

Payment Limitations and De Minimis Yields

- o Total benefits to an eligible person from programs established by this legislation are limited to \$100,000.
- o Combined benefits from persons receiving payments under this legislation and current livestock emergency programs is limited to \$100,000. No person may receive double benefits on the same production loss.
- o Requires the Secretary to establish a de minimis yield for each crop eligible for disaster payments. The de minimis yield is to be set at a level that will minimize any incentive to abandon crops that have a value greater than the cost of harvesting the crop, and allows the producer to harvest any remaining portion of the crop.
- o Prohibits the Federal Crop Insurance Corporation from requiring destruction of any remaining portion of a crop as a condition for making crop loss indemnity payments.

Spending Cap

- o Caps total spending under this legislation to the amount of savings generated through reduced commodity spending expected this year, as determined by the Office of Management and Budget as the difference between its January and August budget estimates, and if necessary authorizes the Secretary to prorate benefits to eligible recipients.

Tree Farming Benefits

- o Provides disaster benefits to tree farmers for tree seedling losses due to drought or related condition 1989 in excess of 35 percent. Eligibility is limited to persons who produce annual crops from trees for commercial purposes or grow trees for commercial harvest.
- o Provides disaster payments at a rate of 65 percent of the cost of replanting tree seedlings or, at the Secretary's discretion, sufficient tree seedlings to reestablish the stand.
- o Limits disaster benefits to a person who owns 1,000 acres or less of such trees. Total benefits a person may receive is limited to \$25,000, or an equivalent value in tree seedlings.

Conservation Rental Payment Relief

- o Directs the Secretary to not reduce rental payments to participants in the Conservation Reserve Program who are allowed to harvest hay or graze CRP acres during 1989 if they incur costs in carrying out approved conservation practices. The Secretary shall refund 25 percent of a producer's rental payments withheld if the producer shares (50/50) the costs of carrying out conservation practices.

Livestock Assistance Provisions

- o Authorizes the Secretary to make available up to \$25 million for cost-sharing of livestock water assistance

activities and up to \$25 million for cost-sharing of livestock transportation expenses to move livestock to and from available grazing locations.

- o Requires Secretary to study and report back to Congress within 90 days on how animal unit calculations are made to determine eligibility and the level of assistance provided under current emergency livestock assistance programs.
- o Authorizes cost-share funding for the rehabilitation of farm ponds damaged or depleted by damaging weather conditions.
- o Report language will be included to clarify congressional intent in the interpretation and implementation of the permanent livestock feed assistance provisions included in the Disaster Assistance Act of 1988.

Rural Community Water Assistance

- o Authorizes up to \$75 million in emergency grants for rural communities that have exhausted or nearly exhausted their water supplies, to minimize any losses or damages resulting from drought conditions in 1988 and 1989.

In addition, the Committee took the following actions:

* Approved two watershed projects, the Upper Locust Creek Watershed, located in Missouri and Iowa; and the Howard Creek Watershed in West Virginia.

* Approved H. R. 2042, as amended, which would require the Secretary of Agriculture (1) to allow producers of wheat, feed grains, upland cotton, rice, and soybeans to provide actual yield data for the 1989 and 1990 crops to county committees, (2) to notify producers of the opportunity to submit such data, and (3) to maintain such data for a least five years.

The bill would also require the Secretary to determine the costs to the wheat, feed grains, upland cotton, and rice programs of using specified alternative methods, including the use of actual yields, to determine program payment yields for the 1989 crop year, and the impact of using such alternative methods on each commodity program and on program participants.

* Approved H. R. 2469, as amended, which would prevent the Secretary of Agriculture or any institution of the Farm Credit System from giving preference or granting a right of first refusal to the previous owner or certain others who have been convicted within the preceding five years of defrauding the U. S. government. The bill would also prohibit the resale of real property purchased from the Secretary or an institution of the System, by the exercise of a right of first refusal or the grant of a preference, for a period of two years after such purchase.